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SUBJECT: VP Discusses FTA, Referendum, and Gutierrez

1. Summary. Vice President Alejandro Serrano Aguilar met June 15 with the Ambassador for breakfast. He discussed his support for the US-Andean Free Trade Agreement (FTA), the upcoming public dialogue process and referendum, and ex-President Gutierrez's anti-GOE commentary from Washington. Serrano said that the popular referendum would not address the FTA. Serrano's daughter, Ana Maria Serrano, was also present and described her experience as a flower exporter to explain her support for Ecuadorian participation in free trade negotiations. End summary.

Despite No-Show, VP Supports FTA Agreement

2. Serrano opened the June 15 breakfast by discussing his and President Palacio's views of the FTA round that was held June 6-10 in Guayaquil, emphasizing that they considered this round to be a technical negotiation between trade ministries. He claimed that neither Palacio nor he attended the session because they did not want to make it highly political, causing free trade opponents to organize protests. Despite his absence, he firmly supports the FTA and believes that Ecuador critically needs this market access. He said he was surprised by the amount of support that exists within Ecuador for free trade, including among artisans seeking new markets for their goods. Serrano explained that his opinion on this is shaped by the fact that he is from Cuenca, which he compared to Chicago as an apolitical commercial center.

3. Serrano's daughter, Ana Maria Serrano, also participated in this conversation, explaining why the FTA negotiations are important to her as an exporter of flowers in Cuenca (Ecuador's third largest city). She explained that while Ecuador produces flowers with more brilliant colors, they have much competition from Colombia, which has cheaper labor and is closer to the U.S. She stressed the fact that Ecuador must participate in these rounds because they need a good trade deal to remain competitive. She also mentioned the fact that Andean Trade Promotion and Drug Eradication Act (ATPDEA) trade benefits run out soon. The Ambassador invited her to visit the Embassy to discuss free trade in more detail with the economic section.

VP Working With Popular Assemblies on Referendum

4. Serrano also discussed the upcoming popular referendum, currently scheduled for December 11, for which he is in charge of preparation. He stressed that the FTA agreement will not be put on the referendum, as it is a treaty that is unsigned and does not officially exist; he has made this clear to many Ecuadorian political leaders. In order to organize this referendum, he is working closely with the popular assemblies to create questions and a format for citizen input. The assemblies agree with his vision for the referendum and are eager to participate in the process. Serrano mentioned that most of these representatives present wishlists to him while discussing the referendum, demonstrating that regional issues continue to dominate outside of Quito, mainly focused on economic progress.

5. Serrano said that it will be difficult to translate the referendum questions into language that the general population can understand. He stated that the referendum will have very few questions. When the Ambassador asked if that meant five or less, he replied affirmatively. The Ambassador also mentioned that he will have to work with the Ecuadorian Congress on this process. Serrano replied that he hoped that his prior service as a Congressman would help him in this coordination, as he understands the Congressional culture and protocol.

Gutierrez Has Right to Free Speech

6. The Ambassador introduced the topic of ex-President Lucio Gutierrez's comments from Washington disparaging Ecuador's current administration and his unconstitutional ouster. She advised Serrano to allow Gutierrez to express his free speech, stating that the USG can only step in if he violates the terms of his visa. Serrano responded by thanking the Ambassador for discussing the issue and agreeing that, while it is not a great situation, Gutierrez has the right to make whatever statements he wishes.

Comment

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17. The Ambassador was impressed with Serrano's common sense and mature approach to politics. She especially noted the care with which Serrano is building the popular referendum with support from the popular assemblies. The breakfast provided a good opportunity to build better relations with Serrano and his daughter, and the Embassy will continue to maintain close contact with Serrano to monitor the development of the referendum process.

KENNEY